FXR

PORTFOLIO

FOREIGN EXCHANGE RESERVE
PORTFOLIO MANAGEMENT

Strategic asset allocation • liquidity • market risk • currency exposure • performance
for resilient, diversified and effective foreign exchange reserve portfolios

TRAINING DATES & INTERNATIONAL LOCATIONS

5-DAY EXECUTIVE PROGRAMME

- **MALAYSIA** — 16th – 20th Nov 2026
- **SINGAPORE** — 22nd – 26th Feb 2027
- **UAE** — 17th – 21st May 2027
- **SOUTH AFRICA** — 23rd – 27th Aug 2027
- **KENYA** — 04th – 08th Oct 2027
- **SINGAPORE** — 13th – 17th Dec 2027

FEE: USD $ 2,750 PER PERSON

10% DISCOUNT APPLIES TO 3 AND ABOVE DELEGATES FROM SAME INSTITUTION

COURSE OVERVIEW

Foreign exchange reserves are among the most strategic assets held by central banks and monetary authorities. They serve critical public policy purposes including exchange rate intervention, external liquidity support, confidence-building, debt-service capacity, crisis response, sovereign credit strength, and financial stability protection. Managing these reserves effectively requires a careful balance between liquidity, capital preservation, safety, diversification, income generation, policy readiness and institutional accountability. In a global environment shaped by interest-rate volatility, geopolitical fragmentation, reserve diversification, sanctions risk, liquidity shocks, market dislocation, cyber threats, ESG considerations and the emergence of new reserve assets and settlement technologies, reserve portfolio management has become significantly more complex and more strategic.

The Foreign Exchange Reserve Portfolio Management programme is designed to equip central bank officials, reserve managers, investment officers, treasury leaders, risk specialists and policymakers with a practical, policy-aligned and internationally benchmarked understanding of how foreign exchange reserves are governed, structured, invested, measured and controlled. The programme combines strategic reserve management policy, portfolio construction, asset allocation, liquidity management, credit and market risk oversight, benchmark design, performance evaluation, governance, compliance, operational controls, and emerging reserve management challenges.

Drawing on USA, European and international central bank practice, the programme translates global reserve management principles into practical institutional application through case studies, portfolio workshops, simulations, group work and a capstone project. It is structured as a 5-day executive programme for professionals responsible for the policy, investment, oversight, operations and reform of official reserve portfolios.

COURSE PURPOSE

The purpose of this programme is to strengthen participants' ability to design, govern, manage and evaluate foreign exchange reserve portfolios in line with international standards, while enhancing institutional capacity in reserve adequacy analysis, strategic asset allocation, risk-adjusted portfolio construction, liquidity management, benchmark design, performance measurement, operational resilience and reserve governance.

TRAINING OUTCOMES

By the end of the programme, participants will be able to:

1. Explain the policy role of foreign exchange reserves in monetary policy support, exchange-rate management, crisis preparedness and financial stability.
2. Apply the IMF Revised Guidelines for Foreign Exchange Reserve Management to reserve governance, investment strategy, risk management and transparency.
3. Assess reserve adequacy, liquidity needs and policy constraints in determining reserve objectives and portfolio structure.
4. Distinguish between liquidity tranches, investment tranches and strategic / long-term reserve allocations.
5. Construct reserve portfolios using principles of currency allocation, duration management, credit selection, diversification and benchmark design.
6. Evaluate and manage key reserve risks including market risk, liquidity risk, credit risk, counterparty risk, operational risk and FX risk.
7. Use performance measurement and attribution tools to assess reserve manager decisions against policy benchmarks.
8. Strengthen reserve governance through investment committees, risk limits, mandates, control functions, reporting and accountability frameworks.
9. Understand how central banks respond to sanctions risk, market dislocation, collateral stress, cyber threats, climate considerations and digital reserve management challenges.
10. Develop a practical foreign exchange reserve portfolio management improvement roadmap for a central bank or monetary authority.

TARGET AUDIENCE

This programme is designed for:

- Governors, deputy governors and senior officials of central banks and monetary authorities
- Directors and senior managers in reserve management, treasury, markets, investment, foreign exchange operations and financial markets departments
- Officials responsible for foreign reserve policy, reserve adequacy analysis, asset allocation, benchmark design and performance reporting
- Staff from risk management, middle office, compliance, internal audit, finance and accounting functions supporting reserve operations
- Members of investment committees, reserve management committees and central bank boards with oversight of reserves
- Professionals from sovereign wealth, stabilization funds, debt management offices and public-sector investment entities with reserve-related responsibilities
- Senior staff of multilateral institutions, sovereign asset management units and development finance institutions working with reserve or public portfolio frameworks
- Treasury and investment professionals in financial institutions seeking advanced understanding of official reserve portfolio management practice

COURSE UNITS AND SUB-UNITS

UNIT 1: FOUNDATIONS OF FOREIGN EXCHANGE RESERVE MANAGEMENT

Unit Overview: This unit introduces the strategic role of foreign exchange reserves, why central banks hold them, and how reserve management supports macroeconomic stability and market confidence.

Sub-Units

1. Definition and scope of foreign exchange reserves
2. Why central banks hold reserves: intervention, liquidity, confidence and crisis management
3. Policy objectives of reserve management
4. Reserves in fixed, managed and floating exchange-rate regimes
5. Relationship between reserves, external vulnerability and sovereign credibility
6. Types of reserve assets: currencies, sovereign bonds, deposits, SDRs and gold
7. Evolution of global reserve management practices
8. Reserve accumulation drivers and macroeconomic context
9. Central bank versus sovereign wealth / stabilization fund roles
10. Current global trends affecting reserve management

UNIT 2: RESERVE MANAGEMENT OBJECTIVES, POLICY FRAMEWORKS AND GOVERNANCE

Unit Overview: This unit examines the policy and governance framework for reserve management, including mandate setting, institutional responsibilities and decision-making structures.

Sub-Units

1. Reserve management policy statement and mandate definition
2. Core reserve management objectives: liquidity, safety and return
3. Translating policy objectives into portfolio constraints
4. Governance structures for reserve management
5. Role of the board, governor, investment committee and reserve managers
6. Segregation of front office, middle office and back office responsibilities
7. Delegated authority, investment mandates and escalation thresholds

8. Transparency, reporting and accountability in reserve management
9. Ethics, conflicts of interest and conduct standards
10. Aligning reserve governance with IMF and central bank good practice

UNIT 3: RESERVE ADEQUACY, LIQUIDITY NEEDS AND STRATEGIC RESERVE STRUCTURE

Unit Overview: This unit focuses on how central banks assess reserve adequacy and convert policy needs into reserve tranches, liquidity buffers and investment horizons.

Sub-Units

1. Concepts of reserve adequacy and precautionary reserve holdings
2. Reserve adequacy metrics: import cover, short-term debt, broad money and composite measures
3. Identifying liquidity needs under stress scenarios
4. Intervention, debt-service and contingency liquidity requirements
5. Designing liquidity tranches and investment tranches
6. Time-horizon segmentation of reserve portfolios
7. Linking reserve adequacy to asset allocation and risk appetite
8. Balancing opportunity cost and policy readiness
9. Scenario analysis for reserve drawdown needs
10. Reserve strategy under crisis, sanctions or capital flow volatility

UNIT 4: STRATEGIC ASSET ALLOCATION, CURRENCY COMPOSITION AND BENCHMARK DESIGN

Unit Overview: This unit develops participants' ability to structure reserve portfolios through strategic asset allocation, benchmark design and currency composition decisions.

Sub-Units

1. Principles of strategic asset allocation for reserve portfolios
2. Determining eligible currencies and currency allocation
3. Currency composition versus liability / intervention needs
4. Asset classes in reserve portfolios: sovereigns, agencies, supranationals, deposits and repos
5. Duration and maturity structure decisions
6. Benchmark portfolios: policy benchmark, strategic benchmark and tactical benchmark
7. Building a benchmark consistent with reserve objectives
8. Diversification across currencies, issuers, maturities and instruments
9. Rebalancing rules and benchmark governance
10. Practical asset-allocation trade-offs in reserve management

UNIT 5: FIXED-INCOME PORTFOLIO MANAGEMENT FOR OFFICIAL RESERVES

Unit Overview: This unit provides a deep dive into fixed-income investing, which remains the core of most reserve portfolios, focusing on sovereign and high-quality public-sector instruments.

Sub-Units

1. Structure of sovereign bond markets relevant to reserve managers
2. Yield curves, duration and interest-rate sensitivity
3. Government securities, agencies, supranationals and covered instruments
4. Money market instruments, deposits and short-term investment tools
5. Portfolio laddering, roll-down and carry strategies within policy limits
6. Active versus passive reserve portfolio management

7. Liquidity management through repo and collateralised instruments
8. Securities lending and collateral considerations where permitted
9. Managing reinvestment risk and maturity concentration
10. Practical reserve portfolio construction across market conditions

UNIT 6: RISK MANAGEMENT IN FOREIGN EXCHANGE RESERVE PORTFOLIOS

Unit Overview: This unit focuses on the identification, measurement, control and reporting of the major risks embedded in reserve portfolios.

Sub-Units

1. Reserve risk management framework and risk governance
2. Market risk: duration, spread and price volatility risk
3. Foreign exchange risk and currency mismatch considerations
4. Credit risk in sovereign, agency, supranational and bank exposures
5. Counterparty and settlement risk in reserve operations
6. Liquidity risk and market-access risk in stress periods
7. Concentration risk, wrong-way risk and contagion risk
8. Value-at-Risk, stress testing, scenario analysis and sensitivity analysis
9. Risk limits, triggers, exceptions and escalation processes
10. Integrating risk analytics into portfolio and policy decisions

UNIT 7: PERFORMANCE MEASUREMENT, ATTRIBUTION AND REPORTING

Unit Overview: This unit equips participants with the tools to measure reserve portfolio performance and distinguish policy outcomes from active management results.

Sub-Units

1. Why performance measurement matters in reserve management
2. Measuring absolute, relative and risk-adjusted returns
3. Benchmark-relative performance evaluation
4. Performance attribution: allocation, duration, curve, spread and security selection effects
5. Liquidity cost and carry analysis
6. Evaluating active management decisions
7. Reporting to investment committees, boards and policymakers
8. Performance versus policy objective assessment
9. Designing dashboards for reserve oversight
10. Common pitfalls in interpreting reserve portfolio performance

UNIT 8: OPERATIONS, CONTROL FRAMEWORKS AND TECHNOLOGY IN RESERVE MANAGEMENT

Unit Overview: This unit addresses the operational infrastructure required for sound reserve management, including dealing, settlement, custody, controls and systems.

Sub-Units

1. Reserve management operating model and workflow
2. Front office dealing and execution controls
3. Middle-office oversight, compliance monitoring and limit control
4. Back-office settlement, confirmation and reconciliation processes
5. Custody arrangements and account structures

6. Collateral management, margining and cash forecasting
7. Data quality, valuation, accounting and reporting systems
8. Business continuity, cyber resilience and operational risk controls
9. Outsourcing, external managers and service-provider oversight
10. Technology platforms and automation in reserve management

UNIT 9: EMERGING ISSUES IN RESERVE PORTFOLIO MANAGEMENT

Unit Overview: This unit examines new and evolving issues that increasingly shape reserve management strategy, governance and market execution.

Sub-Units

1. Reserve diversification in a changing geopolitical environment
2. Sanctions risk, asset freezes and jurisdictional concentration risk
3. ESG and responsible investment considerations for official reserves
4. Gold in reserve portfolios: strategic role, valuation and liquidity considerations
5. Renminbi and non-traditional reserve currencies
6. Negative yields, low-yield environments and return enhancement constraints
7. Climate risk, sovereign transition risk and resilience of reserve assets
8. Digital assets, tokenised securities and future reserve market infrastructure
9. Cybersecurity and operational resilience in reserve operations
10. Future trends in central bank reserve management

UNIT 10: RESERVE MANAGEMENT STRATEGY REVIEW, REFORM AND IMPLEMENTATION ROADMAPS

Unit Overview: This unit integrates the course by focusing on reserve management diagnostics, institutional reform priorities and practical implementation planning.

Sub-Units

1. Conducting a reserve management policy and governance review
2. Assessing reserve objectives, adequacy and portfolio structure
3. Gap analysis against IMF guidelines and peer central bank practice
4. Reviewing benchmark design, risk limits and performance frameworks
5. Strengthening reserve governance and committee structures
6. Enhancing reserve reporting, transparency and accountability
7. Building a reserve risk and resilience improvement plan
8. Sequencing reforms in systems, people, policy and process
9. Developing implementation milestones and success metrics
10. Building a central bank reserve portfolio management roadmap

5-DAY TRAINING SCHEDULE: Foreign Exchange Reserve Portfolio Management

Day	Morning Session	Afternoon Session	Learning Activities / Methodology	Expected Output
Day 1	**Unit 1:** Foundations of Foreign Exchange Reserve Management	**Unit 2:** Reserve Management Objectives, Policy Frameworks and Governance	Interactive lectures, guided discussion, reserve mandate mapping exercise	Shared understanding of reserve objectives, governance and policy context
	Topics: role of reserves, reserve assets, macro-financial purpose	Topics: liquidity-safety-return hierarchy, governance, mandates, accountability	**Group Work 1:** Map the reserve management governance framework of a selected central bank	Reserve governance and mandate map
Day 2	**Unit 3:** Reserve Adequacy, Liquidity	**Unit 4:** Strategic Asset Allocation, Currency	Reserve adequacy workshop, asset-allocation exercise, policy case study	Reserve adequacy assessment and draft strategic benchmark

Day	Morning Session	Afternoon Session	Learning Activities / Methodology	Expected Output
	Needs and Strategic Reserve Structure	Composition and Benchmark Design		
	Topics: adequacy metrics, stress liquidity, tranche design	Topics: currency allocation, eligible assets, duration, benchmarks	**Case Study 1:** Design a reserve structure for a central bank facing external liquidity risk	Reserve tranche structure and policy benchmark proposal
Day 3	**Unit 5:** Fixed-Income Portfolio Management for Official Reserves	**Unit 6:** Risk Management in Foreign Exchange Reserve Portfolios	Fixed-income workshop, risk analytics exercise, portfolio stress testing	Portfolio construction framework and reserve risk dashboard
	Topics: sovereign bonds, duration, carry, repos, portfolio structure	Topics: market, credit, liquidity, FX, counterparty and concentration risk	**Simulation 1:** Respond to a sharp interest-rate shock and sovereign spread widening in the reserve portfolio	Risk response memo and revised positioning proposal
Day 4	**Unit 7:** Performance Measurement, Attribution and Reporting	**Unit 8:** Operations, Control Frameworks and Technology in Reserve Management	Performance attribution lab, reporting workshop, operational control mapping	Performance dashboard and operating-control review checklist
	Topics: benchmark-relative returns, attribution, reporting to committees	Topics: front-middle-back office, custody, settlement, cyber and BCP	**Group Work 2:** Review an underperforming reserve portfolio and identify drivers of return and risk	Performance attribution note and control recommendations
Day 5	**Unit 9:** Emerging Issues in Reserve Portfolio Management	**Unit 10:** Reserve Management Strategy Review, Reform and Implementation Roadmaps	Executive strategy session, capstone workshop, team presentations	Institutional reserve management reform roadmap
	Topics: sanctions risk, diversification, ESG, gold, non-traditional currencies	Topics: diagnostics, reform priorities, roadmap development	**Capstone Presentations + Post-Test + Closing**	Final reserve portfolio strategy and implementation roadmap

GROUP WORK ACTIVITIES

Group Work Activity	Purpose	Expected Output
Reserve Governance Mapping Exercise	Understand how central banks allocate reserve management authority, oversight and controls	Governance and decision-rights map
Reserve Adequacy and Tranche Design Workshop	Translate policy and liquidity needs into reserve structure and investment horizons	Reserve adequacy note and tranche design proposal
Strategic Asset Allocation and Benchmark Exercise	Build a benchmark portfolio aligned with reserve objectives and risk tolerance	Strategic benchmark and allocation matrix
Risk Dashboard and Stress Test Workshop	Evaluate reserve exposures and define control actions under stress scenarios	Reserve risk dashboard and mitigation plan
Performance Attribution Exercise	Assess sources of reserve portfolio performance relative to benchmark	Attribution summary and portfolio review memo
Capstone Project	Integrate reserve policy, governance, portfolio design, risk and reform into one roadmap	Foreign exchange reserve portfolio management improvement roadmap

CASE STUDIES TO INCLUDE: The course should use international and emerging-market case studies such as:

1. Redesigning a reserve portfolio after a sudden external financing shock
2. Reserve diversification under sanctions and geopolitical fragmentation risk
3. Managing a reserve portfolio during rapid US rate increases and bond-market losses
4. Governance and control failures in official reserve operations
5. Balancing liquidity and return in a low-yield or negative-yield environment
6. Benchmark redesign after a change in exchange-rate regime or intervention strategy
7. Operational disruption, settlement failure or cyber event affecting reserve operations
8. Performance attribution review of an actively managed reserve portfolio

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SIMULATION EXERCISES

Simulation	Description	Competencies Developed
Reserve Crisis Liquidity Simulation	Participants manage a central bank reserve portfolio during a sudden balance-of-payments and FX intervention shock	Liquidity planning, crisis decision-making, reserve prioritisation
Interest Rate / Spread Shock Simulation	Participants respond to a rapid move in global yields, widening spreads and mark-to-market losses	Market risk analysis, portfolio repositioning, duration management
Reserve Committee Investment Simulation	Participants act as the reserve investment committee reviewing strategy, risk limits and diversification proposals	Governance, policy decision-making, strategic allocation
Counterparty / Custody Risk Scenario	Participants address a major counterparty downgrade or operational failure at a service provider	Counterparty risk management, operational resilience, escalation
Performance Review Simulation	Participants explain reserve portfolio underperformance to a board or governor and recommend corrective action	Performance attribution, executive communication, accountability

CAPSTONE PROJECT

Capstone Title: Designing a Foreign Exchange Reserve Portfolio Management Strengthening Roadmap

Capstone Scenario: Participants act as an advisory team to a **central bank or monetary authority** whose reserve management function faces:

- increased pressure on reserves from **external shocks, intervention needs and capital flow volatility**
- an outdated reserve policy framework and weak portfolio segmentation
- heavy concentration in a narrow set of reserve currencies and sovereign issuers
- insufficient benchmark design and weak performance reporting
- growing exposure to **interest-rate risk, sanctions risk, counterparty risk and operational vulnerabilities**
- limited stress testing and underdeveloped reserve risk governance
- pressure from leadership to modernise reserve management in line with international practice

Capstone Deliverables

Each team will develop and present:

1. A reserve management diagnostic covering objectives, governance and reserve adequacy
2. A reserve tranche structure and liquidity framework
3. A strategic asset allocation and benchmark proposal
4. A risk management and control enhancement plan
5. A performance measurement and reporting framework
6. An operational resilience and service-provider oversight plan
7. A 12–24 month reserve management reform roadmap

TYPES OF ASSESSMENTS TO EXPECT

A. Individual Assessments

- Pre-course diagnostic assessment on reserve management fundamentals
- End-of-course knowledge test
- Short policy reflection note on a reserve management challenge in the participant's institution
- Personal action plan for strengthening reserve governance, strategy or controls
- Participation in discussions, workshops and simulation exercises

B. Group Assessments

- Reserve governance mapping exercise
- Reserve adequacy and tranche design workshop
- Strategic benchmark and asset-allocation exercise
- Risk dashboard / stress testing exercise

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- Capstone project report and presentation

C. Practical / Applied Assessments

- Reserve policy and governance review memo
- Asset-allocation / benchmark proposal note
- Stress-test and reserve risk response memo
- Performance attribution and oversight dashboard
- Final reserve management roadmap presentation

SUGGESTED ASSESSMENT FRAMEWORK

Assessment Component	Weighting
Pre-course diagnostic assessment	10%
Participation and class engagement	10%
Group work outputs	15%
Case study analysis	15%
Simulation performance	15%
Short knowledge / policy application test	15%
Capstone project and presentation	20%

TRAINING METHODOLOGY

The programme is designed as an executive, practical and highly interactive learning experience. It combines reserve policy, portfolio management, fixed-income investing, risk management, governance and operational control with central-bank-specific application.

CERTIFICATION REQUIREMENTS

Participants will be awarded the **IBSF Executive Certificate in Foreign Exchange Reserve Portfolio Management** subject to:

- Minimum **80% attendance**
- Active participation in group work, simulations and discussions
- Completion of capstone project
- Completion of end-of-course assessment
- Meeting the minimum pass mark set by IBSF

KEY COMPETENCIES DEVELOPED

Participants will build capability in:

- Foreign exchange reserve policy, purpose and adequacy analysis
- Reserve governance, mandates and accountability frameworks
- Liquidity tranche design and reserve portfolio segmentation
- Strategic asset allocation, currency composition and benchmark construction
- Fixed-income portfolio management for official reserves
- Market, liquidity, credit, counterparty and FX risk management
- Performance measurement, attribution and reserve reporting
- Operational controls, custody, settlement and cyber resilience
- Management of emerging issues such as sanctions risk, ESG and reserve diversification
- Design of institutional foreign exchange reserve portfolio management roadmaps

INTERNATIONAL STANDARDS / REFERENCE POINTS USED IN DESIGNING THIS PROGRAMME

This course is benchmarked against the IMF Revised Guidelines for Foreign Exchange Reserve Management, which emphasise reserve management objectives and strategy, transparency and accountability, institutional framework and risk management. It also reflects European central bank reserve management practice, including the ECB's stated investment priorities of liquidity, security and return and the use of strategic and tactical benchmarks in managing foreign reserves.